



General Assembly

January Session, 2017

***Raised Bill No. 966***

LCO No. 4607



Referred to Committee on COMMERCE

Introduced by:  
(CE)

***AN ACT CONCERNING ECONOMIC DEVELOPMENT PROGRAMS  
ADMINISTERED BY THE DEPARTMENT OF ECONOMIC AND  
COMMUNITY DEVELOPMENT.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-4l of the general statutes is amended by adding  
2 subsection (e) as follows (*Effective October 1, 2017*):

3 (NEW) (e) Notwithstanding the provisions of subsection (a) of this  
4 section, on and after February 1, 2018, the department shall not  
5 provide financial assistance to any eligible business development  
6 project that did not receive assistance prior to the effective date of this  
7 section unless the joint standing committees of the General Assembly  
8 having cognizance of matters relating to commerce and finance vote,  
9 as described in this subsection, to continue the first five plus program.  
10 On or after February 1, 2018, the commissioner shall submit a report, in  
11 accordance with the provisions of section 11-4a, to said committees  
12 that includes (1) the net rate of return to the state for the entire  
13 portfolio of the first five plus program, taking into account all loans  
14 that have been forgiven and all tax credits that have been allowed in

15 accordance with this section, and (2) based on such net rate of return, a  
16 recommendation as to whether the first five plus program should  
17 continue. Not later than thirty days after the date such report is  
18 received, said committees shall convene a joint meeting to vote, in  
19 concurrence, on whether to continue the first five plus program. If  
20 such report is withdrawn, altered, amended or otherwise changed, the  
21 commissioner shall resubmit such report, and said committees shall  
22 have not more than thirty days from the date of such resubmittal to  
23 convene a joint meeting to vote on whether to continue the first five  
24 plus program.

25 Sec. 2. Subsection (q) of section 32-9t of the general statutes is  
26 repealed and the following is substituted in lieu thereof (*Effective*  
27 *October 1, 2017*):

28 (q) (1) Any tax credits approved under this section that would  
29 constitute in excess of twenty million dollars in total for a single  
30 investment shall be submitted by the Commissioner of Economic and  
31 Community Development to the joint standing committee of the  
32 General Assembly having cognizance of matters relating to finance,  
33 revenue and bonding prior to the issuance of a certificate of eligibility  
34 for such investment, except if such submittal is made when the  
35 General Assembly is not in regular session, it shall be deemed to be  
36 submitted on the first day of the next regular session. Said committee  
37 shall have thirty days from the date such project is submitted to  
38 convene a meeting to recommend approval or disapproval of such  
39 investment, provided if the regular session adjourns prior to such  
40 thirtieth day and the submission has not been acted upon, said  
41 committee may meet not later than thirty days following the first day  
42 of the next regular session to recommend such approval or  
43 disapproval. If such submittal is withdrawn, altered, amended or  
44 otherwise changed, and resubmitted, said committee shall have thirty  
45 days from the date of such resubmittal to convene a meeting to  
46 recommend approval or disapproval of such investment. If said  
47 committee does not act on [a] such submittal or resubmittal [, as the

48 case may be,] within that time, the investment shall be deemed to be  
49 [approved] disapproved by said committee.

50 (2) [While the General Assembly is in session, the] The House of  
51 Representatives [or] and the Senate [, or both,] may meet not later than  
52 thirty days following the date said committee makes a  
53 recommendation pursuant to subdivision (1) of this subsection. If such  
54 submission is [not disapproved] approved by both the House of  
55 Representatives [or] and the Senate [, or both,] within such time, the  
56 commissioner may issue such certificate. If the regular session  
57 adjourns prior to such thirtieth day and the submission was not acted  
58 upon, the House of Representatives and the Senate may meet not later  
59 than thirty days following the first day of the next regular session to  
60 approve or disapprove such submission, and if such submission is  
61 approved by both the House of Representatives and the Senate within  
62 such thirty-day period, the commissioner may issue such certificate.

63 [(3) While the General Assembly is not in regular session, the House  
64 of Representatives or the Senate, or both, may meet not later than  
65 thirty days following the date said committee makes a  
66 recommendation pursuant to subdivision (1) of this subsection. If such  
67 submission is not disapproved by the House of Representatives, the  
68 Senate, or both, within such time, the commissioner may issue such  
69 certificate.]

70 Sec. 3. Section 32-7g of the general statutes is repealed and the  
71 following is substituted in lieu thereof (*Effective October 1, 2017*):

72 (a) There is established within the Department of Economic and  
73 Community Development the Small Business Express program. Said  
74 program shall provide small businesses with various forms of financial  
75 assistance, using a streamlined application process to expedite the  
76 delivery of such assistance. The Commissioner of Economic and  
77 Community Development, at his or her discretion, may partner with  
78 the lenders in the Connecticut Credit Consortium, established

79 pursuant to section 32-9yy, in order to fulfill the requirements of this  
80 section. A small business eligible for assistance through said program  
81 shall (1) employ, on at least fifty per cent of its working days during  
82 the preceding twelve months, not more than one hundred employees,  
83 (2) have operations in Connecticut, (3) have been registered to conduct  
84 business for not less than twelve months, and (4) be in good standing  
85 with the payment of all state and local taxes and with all state agencies.

86 (b) The Small Business Express program shall consist of various  
87 components, including (1) a revolving loan fund, as described in  
88 subsection (d) of this section, to support small business growth, (2) a  
89 job creation incentive component, as described in subsection (e) of this  
90 section, to support hiring, (3) a matching grant component, as  
91 described in subsection (f) of this section, to provide capital to small  
92 businesses that can match the state grant amount, [and] (4) not more  
93 than two minority business revolving loan funds, as described in  
94 subsection (g) of this section, to support the growth of minority-owned  
95 businesses, and (5) a fund established in consultation with  
96 representatives from Connecticut-based banks and a banking industry  
97 association, as described in subsection (h) of this section, to encourage  
98 lending and provide small businesses in the state with access to  
99 capital. The Commissioner of Economic and Community Development  
100 shall work with eligible small business applicants to provide a package  
101 of assistance using the financial assistance provided by the Small  
102 Business Express program and may refer small business applicants to  
103 the Subsidized Training and Employment program established  
104 pursuant to section 31-3pp and any other appropriate state program.  
105 Notwithstanding the provisions of section 32-5a regarding relocation  
106 limits, the department may require, as a condition of receiving  
107 financial assistance pursuant to this section, that a small business  
108 receiving such assistance shall not relocate, as defined in section 32-5a,  
109 for five years after receiving such assistance or during the term of the  
110 loan, whichever is longer. All other conditions and penalties imposed  
111 pursuant to section 32-5a shall continue to apply to such small

112 business.

113 (c) The commissioner shall establish a streamlined application  
114 process for the Small Business Express program. The small business  
115 applicant may receive assistance pursuant to said program not later  
116 than thirty days after submitting a completed application to the  
117 department. Any small business meeting the eligibility criteria in  
118 subsection (a) of this section may apply to said program. The  
119 commissioner shall give priority for available funding to small  
120 businesses creating jobs and may give priority for available funding to  
121 (1) economic base industries, as defined in subsection (d) of section 32-  
122 222, including, but not limited to, those in the fields of precision  
123 manufacturing, business services, green and sustainable technology,  
124 bioscience and information technology, (2) businesses attempting to  
125 export their products or services to foreign markets, and (3) businesses  
126 located in designated innovation places, as defined in section 32-39j.

127 (d) (1) There is established as part of the Small Business Express  
128 program a revolving loan fund to provide loans to eligible small  
129 businesses. Such loans shall be used for acquisition or purchase of  
130 machinery and equipment, construction or leasehold improvements,  
131 relocation expenses, working capital or other business-related  
132 expenses, as authorized by the commissioner.

133 (2) Loans from the revolving loan fund may be in amounts from ten  
134 thousand dollars to a maximum of one hundred thousand dollars,  
135 shall carry a maximum repayment rate of four per cent and shall be for  
136 a term of not more than ten years. The department shall review and  
137 approve loan terms, conditions and collateral requirements in a  
138 manner that prioritizes job growth and retention.

139 (3) Any eligible small business meeting the eligibility criteria in  
140 subsection (a) of this section may apply for assistance from the  
141 revolving loan fund, but the commissioner shall give priority to  
142 applicants that, as part of their business plan, are creating new jobs

143 that will be maintained for not less than twelve consecutive months.

144 (e) (1) There is established as part of the Small Business Express  
145 program a job creation incentive component to provide loans for job  
146 creation to small businesses meeting the eligibility criteria in  
147 subsection (a) of this section, with the option of loan forgiveness based  
148 on the maintenance of an increased number of jobs for not less than  
149 twelve consecutive months. Such loans may be used for training,  
150 marketing, working capital or other expenses, as approved by the  
151 commissioner, that support job creation.

152 (2) Loans under the job creation incentive component may be in  
153 amounts from ten thousand dollars to a maximum of three hundred  
154 thousand dollars, shall carry a maximum repayment rate of four per  
155 cent and shall be for a term of not more than ten years. Payments on  
156 such loans may be deferred, and all or part of such loan may be  
157 forgiven, based upon the commissioner's assessment of the small  
158 business's attainment of job creation goals. The department shall  
159 review and approve loan terms, conditions and collateral requirements  
160 in a manner that prioritizes job creation.

161 (f) (1) There is established as part of the Small Business Express  
162 program a matching grant component to provide grants for capital to  
163 small businesses meeting the eligibility criteria in subsection (a) of this  
164 section. Such small businesses shall match any state funds awarded  
165 under this program. Grant funds may be used for ongoing or new  
166 training, working capital, acquisition or purchase of machinery and  
167 equipment, construction or leasehold improvements, relocation within  
168 the state or other business-related expenses authorized by the  
169 commissioner.

170 (2) Matching grants provided under the matching grant component  
171 may be in amounts from ten thousand dollars to a maximum of one  
172 hundred thousand dollars. The commissioner shall prioritize  
173 applicants for matching grants based upon the likelihood that such

174 grants will assist applicants in maintaining job growth.

175 (3) The commissioner may waive the matching requirement for  
176 grants under this subsection for working capital to small businesses  
177 located within distressed municipalities, as defined in section 32-9p.

178 (g) (1) There are established as part of the Small Business Express  
179 program not more than two revolving loan funds to provide loans to  
180 eligible small businesses that are owned by one or more members of a  
181 minority. As used in this subsection, (A) "minority business  
182 development entity" means a nonprofit organization (i) having a  
183 lending portfolio on or before June 9, 2016, from which at least  
184 seventy-five per cent of lending is provided to minority-owned  
185 businesses state-wide; and (ii) that provided technical assistance on or  
186 before June 9, 2016, provided at least seventy-five per cent of such  
187 assistance was provided to minority-owned businesses state-wide; and  
188 (B) "minority" means (i) Black Americans, including all persons having  
189 origins in any of the Black African racial groups not of Hispanic origin;  
190 (ii) Hispanic Americans, including all persons of Mexican, Puerto  
191 Rican, Cuban, Central or South American, or other Spanish culture or  
192 origin, regardless of race; (iii) all persons having origins in the Iberian  
193 Peninsula, including Portugal, regardless of race; (iv) women; (v)  
194 Asian Pacific Americans and Pacific islanders; or (vi) American Indians  
195 and persons having origins in any of the original peoples of North  
196 America and maintaining identifiable tribal affiliations through  
197 membership and participation or community identification.

198 (2) Notwithstanding the provisions of section 32-7h, the  
199 commissioner shall allocate from the available funding under the  
200 Small Business Express program a total of five million dollars for  
201 grants-in-aid to not more than two minority business development  
202 entities in each of the fiscal years ending June 30, 2016, to June 30, 2020,  
203 inclusive, for the purpose of establishing and administering minority  
204 business revolving loan funds. Moneys from such funds shall be used  
205 to (A) provide loans to eligible small businesses, and (B) fund the

206 administrative costs associated with the provision of such loans by a  
207 minority business development entity, provided a minority business  
208 development entity may not use more than ten per cent of the amount  
209 received as a grant under this section to fund such costs. Such loans  
210 shall be used for acquisition or purchase of machinery and equipment,  
211 construction or leasehold improvements, relocation expenses, working  
212 capital or other business-related expenses, as authorized by the  
213 minority business development entity.

214 (3) Loans from a minority business revolving loan fund may be in  
215 amounts from ten thousand dollars to a maximum of one hundred  
216 thousand dollars, shall carry a maximum repayment rate of four per  
217 cent and shall be for a term of not more than ten years. The minority  
218 business development entity shall review and approve loan terms,  
219 conditions and collateral requirements in a manner that prioritizes job  
220 growth and retention.

221 (4) Any eligible small business owned by one or more members of a  
222 minority may apply for assistance from a minority business revolving  
223 loan fund, provided the minority business development entity shall  
224 give priority to applicants that, as part of their business plan, are  
225 creating new jobs that will be maintained for not less than twelve  
226 consecutive months.

227 (5) Loans from a minority business revolving fund shall be provided  
228 in such a manner that, on or before five years after the date such loan  
229 fund is established, the annual funds or revenues derived from  
230 investment income, loan repayments or any other sources received by  
231 the minority business development entity in connection with such loan  
232 fund is sufficient to fund the administrative costs associated with such  
233 loan fund.

234 (6) A minority business development entity receiving a grant  
235 pursuant to this subsection shall annually submit to the commissioner  
236 a financial audit of grant expenditures until all grant moneys have



237 been expended by such entity. Any such audit shall be prepared by an  
238 independent auditor and if the commissioner finds that any such grant  
239 is used for purposes that are not in conformity with uses set forth in  
240 subdivisions (2) and (3) of this subsection, the commissioner may  
241 require repayment of such grant.

242 (h) The commissioner, in consultation with representatives from  
243 Connecticut banks, as defined in section 36a-2, and a banking industry  
244 association, shall establish as part of the Small Business Express  
245 program a fund to encourage lending and provide small businesses in  
246 the state with access to capital. Such fund shall include, but not be  
247 limited to: (1) A loan guarantee component to stimulate private sector  
248 lending by Connecticut banks to small businesses, and (2) a short-term  
249 financing component to provide short-term loans used as a bridge to  
250 potential long-term private sector financing by Connecticut banks.  
251 Proceeds from loans made in connection with such fund shall be used  
252 for acquisition or purchase of machinery and equipment, construction  
253 or leasehold improvements, relocation expenses, working capital or  
254 other business-related expenses authorized by the commissioner. The  
255 provisions of subsections (d) and (e) of this section shall not be  
256 construed to apply to such fund. Such fund shall be administered by  
257 the Department of Economic and Community Development.  
258 Notwithstanding the provisions of section 32-7h, the commissioner  
259 shall allocate not more than ten per cent of available funding under the  
260 Small Business Express program to such fund. For purposes of this  
261 section, "Connecticut-based banks" means banks and out-of-state  
262 banks, each as defined in section 36a-2, having deposit-taking branches  
263 in the state.

264 [(h)] (i) Not later than June 30, 2012, and every six months  
265 thereafter, the commissioner shall provide a report, in accordance with  
266 the provisions of section 11-4a, to the joint standing committees of the  
267 General Assembly having cognizance of matters relating to finance,  
268 revenue and bonding, appropriations, commerce and labor. Such  
269 report shall include available data on (1) the number of small

270 businesses that applied to the Small Business Express program, (2) the  
 271 number of small businesses that received assistance under said  
 272 program and the general categories of such businesses, (3) the amounts  
 273 and types of assistance provided, (4) the total number of jobs on the  
 274 date of application and the number proposed to be created or retained,  
 275 and (5) the most recent employment figures of the small businesses  
 276 receiving assistance. The contents of such report shall also be included  
 277 in the department's annual report.

278 Sec. 4. (*Effective October 1, 2017*) Not later than January 1, 2018, the  
 279 Commissioner of Economic and Community Development shall  
 280 submit a report, in accordance with the provisions of section 11-4a of  
 281 the general statutes, to the joint standing committee of the General  
 282 Assembly having cognizance of matters relating to commerce. Such  
 283 report shall include: (1) A description of the fund established pursuant  
 284 to subsection (h) of section 32-7g of the general statutes, as amended  
 285 by this act; and (2) the number of and extent to which Connecticut-  
 286 based banks, as defined in said subsection, were consulted by the  
 287 commissioner in the development of such fund.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	32-4l
Sec. 2	<i>October 1, 2017</i>	32-9t(q)
Sec. 3	<i>October 1, 2017</i>	32-7g
Sec. 4	<i>October 1, 2017</i>	New section

**Statement of Purpose:**

To (1) require reporting by the Department of Economic and Community Development and legislative approval to continue the first five plus program, (2) require legislative approval of state investments under the urban and industrial sites program that exceed twenty million dollars, and (3) establish as part of the small business express program a loan guarantee and short-term bridge loan fund developed in consultation with private sector lenders.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*